

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO *et al.*,

Debtors.¹

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: PROMESA
: Title III
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: Case No. 17-BK-3283 (LTS)
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: (Jointly Administered)
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**SECOND SUPPLEMENTAL VERIFIED STATEMENT OF OFFICIAL COMMITTEE
OF UNSECURED CREDITORS PURSUANT TO BANKRUPTCY RULE 2019**

Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), made applicable to these Title III cases by section 310 of the Puerto Rico Oversight, Management and Economic Stability Act of 2016 (“PROMESA”),² the Official Committee of Unsecured Creditors of all Title III Debtors (other than COFINA) (the “Committee”) by and through its undersigned counsel, hereby submits this second supplemental verified statement (the “Second Supplemental Verified Statement”), and respectfully states as follows:

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² References to PROMESA are references to 48 U.S.C. §§ 2101 *et. seq.*

1. On June 15, 2017, the Office of the United States Trustee for the District of Puerto Rico (the “U.S. Trustee”) filed a *Notice Appointing Creditors Committee for Unsecured Creditors* [Docket No. 338].

2. On August 16, 2017, the Committee filed the *Verified Statement of Official Committee of Unsecured Creditors Pursuant to Bankruptcy Rule 2019* [Docket No. 1050].

3. On August 25, 2017, the U.S. Trustee filed an *Amended Notice of Appointment of Official Committee of Unsecured Creditors* [Docket No. 1171] (the “Amended Notice of Appointment”). The Amended Notice of Appointment reflected (i) that from and after August 25, 2017, the Committee would serve as official committee of unsecured creditors in the Commonwealth, HTA, ERS, and PREPA Title III cases, and (ii) that the U.S. Trustee had appointed two additional members of the Committee: Ferrovia Agroman, and Vitol, Inc. (“Vitol”).

4. On August 31, 2017, the U.S. Trustee filed a *Second Amended Notice of Appointment of Official Committee of Unsecured Creditors* [Docket No. 1218] (the “Second Amended Notice of Appointment”). The Second Amended Notice of Appointment reflected (i) that Ferrovia Agroman had resigned from the Committee, and (ii) that the U.S. Trustee had appointed Peerless Oil & Chemicals, Inc. (“Peerless”) to the Committee.

5. On May 9, 2018, the Committee filed the *First Supplemental Verified Statement of Official Committee of Unsecured Creditors Pursuant to Bankruptcy Rule 2019* [Docket No. 3036].

6. On May 14, 2018, the U.S. Trustee filed a *Third Amended Notice of Appointment of Official Committee of Unsecured Creditors* [Docket No. 3058] (the “Third Amended Notice of Appointment”). The Third Amended Notice of Appointment reflected (i) that Vitol had resigned

from the Committee, and (ii) that the U.S. Trustee had appointed Baxter Sales and Distribution Puerto Rico Corp. (“Baxter”) to the Committee.

7. On September 19, 2018, the U.S. Trustee filed a *Fourth Amended Notice of Appointment of Official Committee of Unsecured Creditors* [Docket No. 3947] (the “Fourth Amended Notice of Appointment”). The Fourth Amended Notice of Appointment reflected (i) that Puerto Rico Hospital Supply, Total Petroleum Puerto Rico, Corp., and Peerless had resigned from the Committee, and (ii) that that the U.S. Trustee had appointed Tradewinds Energy Barceloneta, LLC to the Committee.

8. The Committee is filing this Second Supplemental Verified Statement out of an abundance of caution given the recent addition of Tradewinds Energy Barceloneta, LLC to the Committee. Changes to the Committee’s membership since the last Bankruptcy Rule 2019 statement filed by the Committee on May 9, 2018 [Docket No. 3036] have not resulted in material changes to the Committee, both because (i) the departure and/or addition of Committee members over time has not materially changed the nature and total amount of claims represented by Committee members, and (ii) the Committee’s fiduciary obligations run to all unsecured creditors and are not dependent upon the composition of the Committee or the size or nature of a particular Committee member’s claims.

9. In accordance with Bankruptcy Rule 2019, attached hereto as Exhibit A is a list of the names and addresses of each Committee member, and the nature and amount of all disclosable economic interests held by each current Committee member in relation to the Debtors as of August 31, 2018. The claims and claim amounts set forth on Exhibit A have been provided to Committee counsel by the applicable Committee members.

10. By filing this Supplemental Verified Statement, the Committee makes no representation regarding the amount, allowance or priority of such claims and reserves all rights with respect thereto.

11. Nothing contained in this Supplemental Verified Statement (or Exhibit A hereto) should be construed as a limitation upon, or waiver of, any Committee member's right to assert, file, or amend its claim(s) in accordance with applicable law and any orders entered in these cases, including any order establishing procedures for filing proofs of claim.

12. The Committee reserves the right to amend or supplement this Supplemental Verified Statement in accordance with the requirements set forth in Bankruptcy Rule 2019.

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Dated: October 8, 2018

/s/ G. Alexander Bongartz

PAUL HASTINGS LLP
Luc. A. Despins, Esq. (*Pro Hac Vice*)
Andrew V. Tenzer, Esq. (*Pro Hac Vice*)
Michael E. Comerford, Esq. (*Pro Hac Vice*)
G. Alexander Bongartz, Esq. (*Pro Hac Vice*)
200 Park Avenue
New York, New York 10166
Telephone: (212) 318-6000
lucdespins@paulhastings.com
andrewtenzer@paulhastings.com
michaelcomerford@paulhastings.com
alexbongartz@paulhastings.com

Counsel to the Official Committee of Unsecured Creditors

- and -

/s/ Juan J. Casillas Ayala

CASILLAS, SANTIAGO & TORRES LLC
Juan J. Casillas Ayala, Esq., USDC - PR 218312
Diana M. Battle-Barasorda, Esq., USDC - PR 213103
Alberto J. E. Añeses Negrón, Esq., USDC - PR 302710
Ericka C. Montull-Novoa, Esq., USDC - PR 230601
El Caribe Office Building
53 Palmeras Street, Ste. 1601
San Juan, Puerto Rico 00901-2419
Telephone: (787) 523-3434
jcasillas@cstlawpr.com
dbattle@cstlawpr.com
aaneses@cstlawpr.com
emontull@cstlawpr.com

Local Counsel to the Official Committee of Unsecured Creditors

COMMITTEE'S SECOND SUPPLEMENTAL VERIFIED STATEMENT

EXHIBIT A

NAME	ADDRESS	NATURE AND AMOUNT OF DISCLOSABLE ECONOMIC INTEREST ¹
American Federation of Teachers (“ <u>AFT</u> ”)	555 New Jersey Avenue, N.W., 11th Floor Washington, DC 20001	AFT, as authorized agent for the Asociación de Maestros de Puerto Rico-Local Sindical, holds prepetition unsecured claims based upon rights arising under a collective bargaining agreement (“ <u>CBA</u> ”) with the Department of Education of Puerto Rico and under statute, including, but not limited to, (1) non-contingent claims (a) for wage increases for years of service and career enhancement as allowed by statute and/or contract but not paid, (b) that are subject to grievance or arbitration procedures which have not yet been processed or therefore liquidated, and (c) that are for other terms of employment which may have been denied, and (2) contingent claims including but not limited to claims arising in connection with compensation, pension, medical and other benefits and/or as a result of any breach or alteration of the CBA or applicable statute or law.
Baxter Sales and Distribution Puerto Rico Corp. (“ <u>Baxter</u> ”)	Rexco Industrial Park # 200 Calle B Guaynabo, P.R. 00968	Baxter holds prepetition unsecured claims against the Commonwealth in the aggregate amount of \$2,876,407.89 for health-related products sold or services rendered to the Commonwealth’s Department of Health and certain public hospitals and health facilities.
Drivetrain, LLC, as the Creditors’ Trustee for Doral Financial Corporation (“ <u>DFC</u> ”)	630 Third Avenue 21st Floor New York, NY 10017	<p>DFC holds prepetition unsecured claims under a certain closing agreement, dated December 30, 2013, by and among the Secretary, in her capacity as Secretary of the Treasury, and DFC and certain of its affiliates (the “<u>2013 Closing Agreement</u>”), under which DFC became entitled to a credit for tax overpayments in the amount of \$34,097,526. The 2013 Closing Agreement provided that the DFC overpayment could be used to reduce estimated taxes or it could be claimed as a tax refund. As of the date hereof, DFC has not used any of the DFC overpayment. As such, DFC has a tax refund claim in the amount of \$34,097,526.</p> <p>In addition, based on certain closing agreements, DFC is entitled to accrue a \$59,314,891 amortization deduction annually from 2017 through 2021 (the “<u>Tax Asset</u>”), which could be used to reduce income that would otherwise be subject to Puerto Rico tax. Under these closing agreements, DFC is contractually entitled to an aggregate deduction of \$296,574,455. DFC asserts a claim for any loss of the Tax Asset, as well as any impairment of its rights under the closing agreements.</p> <p>DFC also asserts an unliquidated damages claim against the Commonwealth on a number of bases.</p>

¹ The Committee takes no position with respect to the amount, validity, secured status, or priority of any of the Committee member’s asserted claims that are listed herein. The information contained herein was provided to counsel for the Committee by each Committee member.

NAME	ADDRESS	NATURE AND AMOUNT OF DISCLOSABLE ECONOMIC INTEREST ¹
Genesis Security Services, Inc. (“Genesis”)	5900 Isla Verde Avenue L-2 PMB 438 Carolina, PR 00979	Genesis holds prepetition unsecured claims against the Commonwealth and/or its instrumentalities under agreements for the provision of security services, in the following amounts: ² Commonwealth: Department of Labor \$1,994,674.27 Department of Transportation and Public Works \$186,912.54 Capitol Superintendence \$273,017.11 Department of Education \$1,399,952.49 Telecommunications Regulatory Board \$234.94 State Department \$2,982.88 Puerto Rico Department of the Family \$2,003,934.46 Department of Health \$1,169,313.71 Corps of Medical Emergencies Bureau \$22,699.74 Highways & Transportation Authority \$1,051,009.92 Puerto Rico Electric Power Authority \$331,321.33 Total \$8,436,053.39
Service Employees International Union (“SEIU”)	1800 Massachusetts Avenue, N.W. Washington, DC 20036	SEIU and its affiliates, SEIU Local 1996/Sindicato Puertorriqueño de Trabajadores y Trabajadoras, and SEIU Local 1199/Unión General de Trabajadores, hold prepetition unsecured contingent and non-contingent claims, not currently liquidated, against the Commonwealth and/or its instrumentalities based on (1) pay, benefits and other terms of employment owing to SEIU members under collective bargaining agreements with the Commonwealth and/or its instrumentalities, including, but not limited to, (a) pay, benefits and other terms of employment claimed in pre-petition union grievances and arbitrations and (b) pay, benefits and other terms of employment denied employees as a result of pre-petition legislative, executive or other unilateral action by the Commonwealth; and (2) pension and other post-employment benefits that SEIU members have accrued as a result of their employment with the Commonwealth and/or its instrumentalities.
Tradewinds Energy Barceloneta, LLC. (“Tradewinds”)	1760 Loiza Street, Suite 303 San Juan PR 00911	Tradewinds and its affiliate, Tradewinds Energy Vega Baja, LLC (“Tradewinds Vega Baja”), hold prepetition unsecured claims against PREPA in the amount of \$20,400,000 and \$13,600,000, respectively, based upon certain rights and breaches arising under Power Purchase and Operating Agreements executed on or about October 19 and October 20, 2011 (the “PPO Agreements”) in which Tradewinds Energy LLC (an affiliate of Tradewinds and Tradewinds Vega Baja) agreed to build wind turbine electricity generating plant facilities and PREPA, in return, contractually agreed to buy the electricity from Tradewinds Energy LLC. Subsequently, Tradewinds Energy, LLC assigned its interest in the PPO Agreements to Tradewinds and Tradewinds Vega Baja.

² The entities listed below are Title III Debtors or their agencies.

NAME	ADDRESS	NATURE AND AMOUNT OF DISCLOSABLE ECONOMIC INTEREST ¹
The Unitech Engineering Group, S.E. (“ <u>Unitech</u> ”)	Urb Sabanera 40 Camino de la Cascada Cidra, Puerto Rico 00739	Unitech holds prepetition unsecured claims against the Commonwealth of Puerto Rico under certain construction contracts, in the approximate amount of \$11,284,462.70, plus interest.